

Treasurer's comments: Financial reports as of September 30, 2016 (first quarter of fiscal year 2016-17)

Posted on the Town website are 4 quarterly financial reports. One is short, showing subtotals only. I have made notations on this report regarding the surplus/deficit to date. This is a 5 page report, with 2 pages for General Fund, 1 about tax calculations, and 2 pages for Highway Fund. I would highlight that the Taxes Current Year received to date is an adjusted figure, a subtotal of 4 accounts. If you refer to either of the other trial balances, you will see this section titled Taxes Current Year showing the monies received so far as well as the amount already paid to the highway department, and the FULL annual amounts due for Education Funding. Total Town Revenue shows as a large negative number because this subtotal reflects the total liabilities for Education funding and the 2nd payment to fund the Highway Department. Our accountant had suggested this arrangement to reflect our true liability. If I do not show the amounts owed to the State and the local schools, income is overstated. To figure out what funds the General Fund actually has, I have written my calculations on page 2, and supported it with the "tax book report" (next page) which shows the amount of the taxes for schools and for the town. In short, the General Fund shows a deficit at this time. State reimbursement for the Current Use program (usually more than \$200,000) should come in before Thanksgiving, and will remedy this situation. This highlights the need for the "Fund Balance" to keep the town operating pending other income.

I have provided 2 detailed Trial Balances (TB) showing each line item in the General and Highway funds. The only difference between these 2 reports is that one shows account notes which might be helpful.

Lastly, a Budget Status Report is provided, which shows the percentage of the budget received or spent to date. I investigate the accounts which are more than 25% spent to check for errors. The accounts I would explain are:

- 1) Selectboard pay is high as the budget was based on paying 3 people instead of 5.
- 2) Postage and envelopes are high because of purchases to mail tax bills.
- 3) Misc Muni Office expenses are high because of the purchase of the color printer on Becky's desk.
- 4) Legal and professional fees are: John Wood \$6300, Sullivan Powers Accountants \$3167, Stitzel Page Fletcher, Lawyers \$28. (larger legal bill in October)
- 5) Town Hall misc and cleaning is for actual cleaning and supplies needed to replace worn out or missing items.
- 6) Published legal notices is overbudget because the budgeted amount is way too low, as ads for job postings and legal notices for public hearings are expensive, and volume higher than anticipated.
- 7) Repeater expenses reflects the purchase of batteries, and repeater electricity is for 4 months rather than 3.
- 8) The entire public safety budget is "overspent" because of the \$35,000 appropriation to the reserve that was funded this month.
- 9) Regarding highway expenses, I would note that the line item for retirement expense is probably budgeted too low. In the past the town funded retirement at 4%, with the employee paying 2.5%. Due to changes in the plans offered, the percentages have increased to 7.25% as the town's portion, and 10% for the employee portion.

Taxes both late and delinquent total \$261,929. \$162,204 is the actual delinquency (payments owed for last year and prior years) and \$99,724 for payments due in August. Nearly \$70,000 is owed on just 6 properties, with 3 properties owing \$51,000. I will be working with Karen Hewitt to figure out what notices should be sent to these taxpayers so they know that tax liens (for example) will be filed against them within a couple of weeks of the Feb 10, 2017 due date if they fail to pay this year's taxes on time.

Respectfully submitted, Ellen DesMeules, Town Treasurer

October 26, 2016